

## NEWS OF THE ORIENT.

China the Oldest Banking Country  
in the World.

## SILVER EXCHANGE AT PEKING.

How the Heavens Change Leads and Borrow.  
The Carrier Pigeon as a Chinese  
"Ticker"—Rates of Interest.

SHANGHAI, December 31, 1888.—[Special correspondence of THE HERALD.] On one of the leading business houses of Shanghai I find a reminiscence of the Middle Ages. It is a brass sign and it bears the name of Warton Barker upon it. Mr. Barker is supposed here to be still working for the concessions, and during my interview with Li Hung Chang I noted that he asked very particularly as to Mr. Barker's character and his standing among our bankers. I am told that Warton Barker intends to visit Russia soon, and to look into the railroad projects, which propose a line from Siberia above Peking westward through Europe, and that the status of this road will materially affect his plans. Li Hung Chang feels much amused at being taken in by Mr. Barker, and he thinks that if the American banking scheme could be made a fact it would retrieve his reputation. The concessions he gave Mr. Barker were genuine, and he signed them as the secretary of state of China. When the concessions were however, found that Mr. Barker was an adventurer they refused to endorse them, and left the honorable Li in the lurch. Li Hung Chang is now in correspondence with Mr. Barker, and the next agent that Barker sends to China will probably have enough sense to keep his mouth shut until the articles of agreement have been signed by both parties.

**BANKING AND CURRENCY.**  
There is at present no national bank in China, and this, American bank with its fifty millions of capital would, in a measure, take the place of a national bank. The Chinese, however, have thousands of private banks. There are four hundred banks in Peking, three hundred in Shanghai, and two hundred in Canton. The banks in Peking and Canton have branches in every province. The rates of interest are high and short loans in tight times reach thirty, thirty-five, and even forty per cent. a month, and the rates of exchange from one province to another are very heavy. China has no national currency, and each bank issues its own notes. These are much like our notes, save they are in Chinese characters and on cheap white paper. The only coin of the country is the cash, of which it takes three thousand and to fifteen hundred to make a dollar, and which, small as it is, is counterfeited. The cash is a thin, round coin a little larger than one of the big American cents of a century ago, and sometimes it is made of brass, but it is a square hole in the center and is usually carried in strings of one hundred or one thousand each. Gold bricks and silver ingots are used in making large payments, and the unit of weight is the tael or ounce. One ounce of silver or tael is worth about a dollar and forty cents. Mexican and American dollars are in ten to ten pieces, which is a schick of silver cast in the form of a Chinese shoe. I saw some of these silver shoes at the Hong Kong and Shanghai bank in Peking. They are stamped with marks denoting the business of the metal within them, and they contain from ninety-seven to ninety-nine per cent. of pure silver. Gold bricks are of the size of little cakes of India ink, and three, five, ten, and twenty are used. The business of the twenty pieces, which includes that of all foreigners with the Chinese, is done in Mexican dollars, and each business house has a man called a *si*, or who does nothing else but count money and pass upon its genuineness. The Chinese are the greatest swindlers in a small way in the world. They appreciate the accumulating properties of little drops of water and little grains of sand better than any other people, and they will shave a bit of silver dust off of a dollar after dollar so small that you can not perceive the loss until they have saved enough to make quite a profit. They have holes in the coin, fill them with lead and cover them with silver, and in taking money from the banks here it is necessary to ring every coin.

**BUSINESS WAYS.**  
The Chinese do all their business with foreigners on a cash basis, though the credit system prevails largely among themselves. They are honest in their dealings and merchants tell me that they stick to their bargain even if they lose by them. China has no bankrupt laws and debtors are liable to corporal punishment from their creditors. By not paying their debts they lose caste and are practically drummed out of business. It is a disgrace in China not to pay your debts, and as a rule, the whole nation settles up at New Year's day, which comes in February. The result is that China never has a panic, and in the case of famine or failure of crops the government sometimes loans money to the people. The silver dollar varies in value, and the Chinese now regulate the value of a dollar by the rise and fall of silver in the markets of the world. The biggest of the Chinese cities have their stock exchanges, and the queerest sight I have seen was the silver exchange in Peking. In company with Mr. Charles Desbry, the son of our minister, I went at seven o'clock one morning into the crowded Chinese city. We would not say, through streets so narrow that only drunks and men could pass through them, through passages where men had to walk single file in order to get by each other, and finally found ourselves in a large, low building, and there we made more fuss than all the bulls and bears of New York. At eight o'clock the rate was fixed for the day and the news was "telegraphed" by means of carrier pigeons to the various banks of the city. The pigeons of Peking are largely used for messengers, and they are, perhaps, the only pigeons in the world that whistle. As they fly through the air they make a whistling sound which, in the case of a flock, sounds like a whole school of boys operating tin whistles at the same time. This noise comes from actual whistles which are tied to their tail-feathers by their owners, and the whistles of which screech away the hawks from them. It is a curious sound and I heard it many times before I could find out from whence it came. They are the tickers of the Chinese banks, and they give him all the quotations.

**FOREIGN BANKS.**  
The foreign banks, which do business in China, have large capital stocks, and they pay big dividends. The Hong Kong and Shanghai banking company, for instance, has paid up a capital of seven million five hundred thousand dollars. It has a surplus of four million dollars, and its proprietors are liable for seven and one-half million dollars in addition to the capital. It pays interest on deposits of six months at the rate of four per cent, and two per cent. per annum on daily balances. It has immense establishments throughout the east, and its banking office here at Shanghai will compare in size and appointments with the best banks of Wall street or London. It is the same with a number of other great banks here in China. English and French capital manages them, but a Chinaman always counts the money and figures up the profits and losses on one of those little boxes of buttons strung on wires, which makes up the Chinese calculating machine, and upon which all China does its arithmetical problems. These banks, however, do not do any part of the world, or letters of exchange and credit which will be good anywhere. Their chief officers are among the leading business men of the east, and they all seem to be making money.

**GENEROUS CREDIT SYSTEM.**  
Speaking of the credit system, there are large stores run by foreign merchants at Shanghai, Hong Kong, Canton, and at all the ports of the coast. They have stocks of goods which would sell in any American

city, and the most of their business is with the foreigners. It is nearly all done on credit. The silver dollar is so heavy that it takes more than a pound of silver to pay a ten dollar gold purchase, and the result is everything is charged and settled at the end of the month. The purchaser signs what is called a "chit," a little slip of paper stating that he has made the purchase, and these are kept until the account is rendered by the proprietor. If the foreigner takes a drink at a bar or treats his friends he writes out a chit, and if he buys shoes or a sugar he renders the account in chits. That you are unknown to the storekeeper makes no difference. Any man looking half decent can get credit in China, and I am surprised at the carelessness manifested in such matters, a carelessness which, however, does extend to Chinamen. The Chinese themselves do business largely on credit and every Chinaman of note has his bank account.

**THE DISGRACE OF DEBT.**  
The Chinese merchants keep as full a set of books as our merchants do, and they do business on a smaller margin. They keep account of stock and daily sales, and I have seen some of their ledgers. The Peking banks have a clearing-house system. Each depositor has from his banker a book with two columns, in one of which are entered his deposits and the other his drafts. He pays his creditors by checks on the bank and in the evening sends his books to be balanced. The next morning the clerks of the various banks get together, and their accounts are interchanged and the accounts of the various depositors are squared. These banks are also expected to loan money to their depositors, and a man is supposed to have the right to draw on his bank for loans equal to double the amount of his average deposit. The disgrace of dishonored debt is such that a business man failing will hardly attempt to regain his standing in his own province, and dutiful sons often pay their father's debts. This is not so in Korea, and while I was visiting Chemoobu, Mr. Townsend, the American merchant there, was approached by the profligate son of a Korean nobleman. The son wanted Mr. Townsend to accept papers from him stating that Mr. Townsend had sold him goods to the amount of three thousand dollars. "Then," said he, "you can take these papers to the old man and tell him you cannot collect the money and are going to have me whipped. He is fond of me and will rather pay than stand the disgrace, and we will divide the proceeds." Mr. Townsend, of course, refused and sent the young man about his business.

**THE HONESTY OF MERCHANTS.**  
The honesty of the Chinese in their business dealings is shown in the actions of Hsu Qua, the Canton millionaire who died a few years ago, leaving at least fifty million dollars. One of the Chinese firms of Canton had failed, owing a great sum to foreigners. Hsu Qua, however, stepped in and paid the whole indebtedness. He headed the list of subscribers with one million dollars out of his own pocket, saying that "Chinese credit must remain unimpaired." This is the same man who, when the English were about to bombard Canton, unless their demand of six million dollars was paid within forty-eight hours, headed the subscription list with the sum of seven hundred thousand dollars. "I give," said he, "eight hundred thousand dollars as a thank offering for the business prosperity I have had. I give one hundred thousand dollars as a testimony of the ability of my son. And two hundred thousand dollars as a mark of the affection which I bear my wife." This man Hsu Qua, though dead, is still greatly honored in Canton. His sarcasms there are among the legends of the city, and his name is synonymous with business honor.

**CORRUPT OFFICIALS.**  
The average of wealth in China, however, is not high, and the rich men of the country are interested in keeping the amounts of their property a secret. The officials are so corrupt and they can so easily squeeze money out of their rich subjects, that the wealthy man is sure to be regarded with suspicion, and if China had a Jay Gould the officials from the emperor to the mandarins would be continually poking their fingers into his money chest. Much of Li Hung Chang's fortune of twelve million dollars is said to have been acquired by bribes and squeezes, and the story is told at Shanghai of how one of his underlings attempted to send him one hundred thousand dollars not long ago in wine bottles, or rather wine baskets, for much of the wine in China is carried in water-tight baskets. This supposed wine had to go through the hands of a very rigid native customs officer who, suspecting something, opened the baskets and discovered the gold in the wine.

**A CHRISTIAN CHINAMAN.**  
A few of the rich men among the Chinese are Christians, and I visited one of the most noted of such at Foo Chow the other day.

Have you ever heard of Foo Chow? No. Well it is a city bigger than Chicago, and is one of the chief centers of China. It lies in the mountains about four hundred miles south of here, and it is in what is called the Switzerland of China. It has a bridge of solid granite running across the river, which flows by the city, twelve hundred feet long and containing fifty arches. It is called the bridge of ten thousand apes. Its pathway is twelve feet wide. It is more than one thousand years old and it is as solid today as the granite of which it is built. The city has a wall six miles in circumference, and its wholesale fish market is equal to no place, not even Billingsgate in London. A rich man of Foo Chow is known as Ah Hoi, and he gave ten thousand dollars not long ago to found a school or college to teach Chinese boys the science and culture of Christianity. He is a Christian himself, and just before I arrived in Foo Chow our Bishop Fowler, of the Methodist church, performed the marriage ceremony which united his son with a Chinese maiden. The ceremony was the Chinese and the bishop tells me he had great trouble in getting the young lady to say that she would take this young man to be her husband and build a home in Foo Chow. The bride kept perfectly silent on such an occasion and the coy damsel would not open her lips. The bishop refused to go on with the ceremony and the young lady finally compromised the matter by nodding her head. "It was not embarrassment," said the bishop to me, "that made the girl tongue-tied, for I felt of her hand and it was warm and moist as yours or mine. Had she been troubled as you or I might be, she would have been silent. I thought it would be improper to answer and she refused to do so." As evidence of the genuineness of Ah Hoi's conversion, he has long since destroyed his idols, and he gave one of them as a present to Mrs. Fowler. He is a bright merchant and a good business man, and his home is one of the most comfortable in China.

**OLDEST BANKING NATION.**  
Returning to banks, China is one of the oldest banking nations of the world. The people had banks of deposit and discount as far back as 2600 B. C., and the interest laws of China date back two hundred years before the discovery of America. In 1861 the government issued paper money and there is now in Peking paper money in circulation issued by private banks of as low a denomination as ten cents. The Chinese money changer may be found on every street corner and his shops are in nearly every block. He charges good rates and makes a good profit. A great deal of the money lending in China is done on some what the same plan as our building associations. It is more often in companies of ten who club together and agree to pay so much into a common fund which shall be loaned in the first instance to the man getting up the company. At the end of the second year or six months or more, as it may be, another contribution is levied and this is so until the second year or more on until each has had the use of an equal amount of money, and the whole matter is so graduated that each member of the club is fairly treated as to interest on capital. China is full of these small associations and there is no country in the world where the art of organization has been carried to such an extent. The Shanghai bankers guild fixes the charges of fifty per cent of the banks of Shanghai. Its rules are before me and I see that the

minutest particulars of business are given. The various kinds of silver dollars to be taken are mentioned and checks for less than ten dollars are not receivable. Each banker has to send his book to the clearing house twice a day, and the manager for the month has the supervision of them. Other rules more or less strict prevail among the banking associations of Peking and Canton, and most of the difficulties of lender and borrower are settled here rather than in the courts.

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